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COUGAR ENERGY PROGRESSES CHINA UCG PROJECTS UPDATE ON MID WEST WESTERN AUSTRALIA

Cougar Energy Limited (ASX: CXY) provides the following update on its Underground Coal Gasification (UCG) projects in the People's Republic of China and Western Australia.

China UCG projects – Wu Ni Te

Cougar Energy has signed a Co-operation Agreement with Inner Mongolia DeTailong Investment Energy Ltd (DeTailong) for the cooperation and commercialisation of a UCG project at the Wu Ni Te coal mine in the Inner Mongolia Autonomous Region. The Co-operation Agreement sets out the basis of the co-investment and development of the Wu Ni Te UCG project, and will be further documented in a formal contract. The project will operate under a 50/50 joint venture sharing profits and expenses, and its commercialisation will be subject to receipt of all necessary project registrations and the standard procedures of evaluation and financing.

The Co-Operation Agreement forms part of an application for project registration which has been lodged with the responsible authorities in Xilinhot. It is intended that registration will be achieved during April, which will allow a drilling program to commence shortly thereafter at the pre-selected site for the UCG trial plant.

China UCG projects – XinJiang

Discussions continue between the Company and Limitless International Holdings Pty Ltd (LIH). Cougar Energy is awaiting the provision of further technical data on coal deposits from LIH which will enable advancement of the proposed joint venture agreement and associated subscription of capital.

LIH is making arrangements for a joint meeting in mid April with Beijing government officials to present UCG development proposals for XinJiang. Cougar Energy will be represented at that meeting.

Western Australia

Cougar Energy has advised Eneabba Gas Limited (Eneabba) that it does not accept Eneabba's contention that the Binding Terms Sheet has been "repudiated". The Company has been unable to progress constructive discussions with Eneabba on this issue to date. Cougar Energy remains committed to development of UCG with Eneabba in Western Australia and awaits the outcome of Eneabba's upcoming extraordinary general meeting prior to instigating further discussions with Eneabba.



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